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BEFORE THE BOARD OF PATENT APPEALS

AND INTERFERENCES

Paper No. 28

Application Number: 09/209,815

Filing Date: December 11, 1998

Appellant(s): Robert A. FERSTENBERG et al

Vincent M. DeLuca

For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed January 10, 2003.

*(1) **Real Party in Interest***

A statement identifying the real party in interest is contained in the brief.

*(2) **Related Appeals and Interferences***

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

*(3) **Status of Claims***

The statement of the status of the claims contained in the brief is correct.

*(4) **Status of Amendments After Final***

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Invention

The summary of invention contained in the brief is correct.

(6) Issues

The appellant's statement of the issues in the brief is substantially correct. The changes are as follows: The Examiner retracts the rejections of the first two issues pertaining to the rejection of claims 128, 139, and 147 under 35 U.S.C. 112 and 35 U.S.C. 101. It is proper to object to this type of claim as being an improper dependent claim based on MPEP paragraph 608.01(n), Section III as not passing the "infringement test". As an objection, this issue becomes subject to petition, not appeal.

(7) Grouping of Claims

The rejection of claims stand or fall together because appellant's brief does not include a statement that this grouping of claims does not stand or fall together and reasons in support thereof. See 37 CFR 1.192(c)(7).

(8) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) Prior Art of Record

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

5,924,082	SILVERMAN et al	7-1999
5,905,975	AUSUBEL	5-1999
5,495,412	THIESSEN	2-1996

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

(A) Claims 116-120, 123, 127-129, 133, 135, 137, 139, 140-143, and 145-147 are rejected under 35 U.S.C. 102(e) as being anticipated by Silverman et al (5,924,082).

Claims 116, 127, 128, 137, 139, 146, and 147: Silverman discloses a method and computer readable medium with computer instructions for intermediary-negotiated transactions of commodities (col 7, lines 27-35), comprising:

a. Generating electronic opening messages requesting to buy and/or sell commodities by a plurality of participants (users/traders)(col 7, lines 25-33);

b. Generating electronic offer messages from the intermediary (matching computer) to the participants to buy and/or sell commodities within the intermediary's objectives (parameters/guidelines/bidding rules)(col 8, lines 25-27);

c. Generating counter-offer messages generated within the buyer/seller's objectives (parameters/guidelines/bidding rules)(col 7, lines 46-49 and col 12, lines 11-13 and 25-26);

d. Repeating steps b and c (negotiating) until an agreement is reached which is within the objectives (parameters/guidelines/bidding rules) of the buyers and sellers and the quantity offered for sale equals the quantity offered for purchase (col 7, lines 46-49 and col 12, lines 11-13 and 25-26).

Claim 117: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the messages being sent to and from the intermediary (matching computer) and not directly between the participants (col 2, lines 17-40 and col 17, lines 33-36). In the

first passage, Silverman discloses that there are known trading systems which automatically executes the trade once a match is found without the two participants being able to negotiate (communicate) directly with each other. In the second passage, Silverman discloses that the matching computer has a communication enablement system for enabling communications between the counterparties in order to negotiate variable trading parameters, i.e. the negotiations are being sent to the matching computer, not directly to the other participant.

Claim 118: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the sellers and buyers sending to the intermediary messages containing data representing commodities available for exchange (col 7, lines 25-33).

Claims 119, 120, 129, 135, and 140-142: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the subsequent counter-offer amounts are less than or equal to the offer amounts in the previous offer messages (col 7, lines 46-49 and col 12, lines 11-13 and 25-26).

Claims 123 and 143: Silverman discloses a system and method for negotiated transactions of commodities as in Claims 116 and 140 above, and further discloses that the objectives reflect the interests of the participants and are used to generate the counter-offers (col 7, lines 25-33).

Claims 133 and 145: Silverman discloses a system and method for negotiated transactions of commodities as in Claims 129 and 140 above, and further discloses the generating the offer amounts in order to maximize the value of the utility function (parameters)(col 7, lines 25-33).

(B) Claims 121, 125, 126, 136, and 138 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al (5,924,082).

Claim 121: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above. While Silverman does not explicitly disclose generating the messages so as the exchange is determined in 90 seconds or less, the Examiner notes that this is a design decision. Both the Silverman system and the Applicant's system could arbitrarily be set to determine (i.e. complete) the exchange (auction) in 60 seconds, 120 seconds, or three days. Placing time limits on auctions is old and well known throughout the auction art. In virtually every "sealed bid" auction there is a set cutoff time for submitting bids and manytimes a set number of rounds of bids. Silverman discloses that the participants will enter the expiration terms with their bids/offers (col 7, line 28 and Fig. 5A, item 503), thereby effectively placing a time limit on the trade Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to set a time limit, such as 90 seconds, to complete the auction. One would have been motivated to select 90 seconds as a possible time limit in order to allow the participants enough time for multiple offers (bids) while still terminating the auction within a finite time.

Claims 125, 126, 136 and 138: Silverman discloses a method for negotiated transactions of commodities as in Claims 116, 129, and 137 above. While Silverman does not explicitly disclose that the prices are externally obtained, it is old and well known in the commodity trading arts to use the current market price as a starting point in negotiations. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use the external market price as a starting point in the Silverman system.

(C) Claims 130 and 144 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al (5,924,082) in view of Ausubel (5,905,975).

Claim 130: Silverman discloses a system for negotiated transactions of commodities as in Claim 129 above, but does not explicitly disclose that the total amount of commodities exchanged is maximized. Ausubel discloses a similar system for negotiated transactions of commodities in which the offer messages maximize the total amount of commodities exchanged (col 11, line 40 - col 13, line 5). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to maximize the total amount of commodities exchanged in the Silverman system. One would have been motivated to maximize the total amount in order to increase the revenue earned by the system. (One assumes that some type of "transaction fee" is being charged by the trading system to the participants as is normal in the business world.)

Claim 144: Silverman discloses a method for negotiated transactions of commodities as in Claim 140 above, and further discloses generating counter-offers according to the objectives of the participants (col 7, lines 25-33). However, Silverman does not explicitly disclose expressing the objectives according to a portfolio theory. Ausubel discloses a similar system for negotiated transactions of commodities which further discloses expressing the objectives according to portfolio theory (col 6, lines 50-63) and using the objectives to generate the counter-offers (col 11, lines 5-10). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to express the objectives in Silverman according to a portfolio theory. One would have been motivated to express the objectives according to a portfolio theory in order to facilitate the communication of such objectives through the use of a standard "language" of commodity trading, i.e. a portfolio theory.

(D) Claims 131, 132, and 134 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman (5,245,082) in view of Thiessen (5,495,412).

Claims 131, 132, and 134: Silverman discloses a method for negotiated transactions of commodities as in Claims 129 and 133 above and further discloses the system determining the "acceptability" of the match between the participants, but does not explicitly disclose measuring the unfairness of the share division of the commodity offers. Thiessen discloses using an unfairness calculation (satisfaction function) for resolving conflicting goals of participants during negotiations (col 4, lines 13-44) to maximize the satisfaction level (thus, minimizing the unfairness level) for each participant and to reach "an acceptable division of benefits among all parties" (col 11, lines 46-47). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to perform similar calculations during the negotiations in Silverman to ensure the final commodity exchange is equitable and fair to all participants. One would have been motivated to calculate and apply the fairness factor in order to prevent alienation of certain participants who may feel as if they were treated unfairly. This would especially apply in situations where the size of the participants varies greatly. For instance, an individual desires to purchase 50 units of a commodity while three investment entities desire to purchase 1,000 units each of the same commodity. If there were only 2,500 units of this commodity offered for sale, the individual would most probably feel it unfair if the investment entities were allowed to purchase all of the commodities available and none were left for him to buy. By using one of Thiessen's satisfaction calculations, all four purchasers would receive an equitable amount of units.

(11) Response to Argument

(A) ***The Rejection of Claims 128, 139, and 147 Under 35 U.S.C. 112 Is Improper***

& (B) ***The Rejection of Claims 128, 139, and 147 Under 35 U.S.C. 101 Is Improper***

As noted by the examiner in Section (6) above, these rejections are retracted. The current Office policy is to object to a claim which attempts to incorporate limitations from a claim of different statutory class as an improper dependent claim under MPEP paragraph 608.01(n) Section III, since the claim does not pass the infringement test. Such an objection will be made by the examiner in the next subsequent Office Action, if any.

(C) ***The Rejection of Claims 116-120, 123, 127-129, 133, 135, 137, 139, 140-143, and 145 Under 35 U.S.C. 102 Is Improper***

The Appellant argues that Silverman "does not intermediate the exchange of commodities among plural parties through a series of offer and counter-offer messages from the participants to the intermediary and from the intermediary to the participants" (page 10). The Examiner notes that, as discussed in the rejection of Claim 117 above, "Silverman explicitly discloses that the negotiation messages are being sent through the intermediary and not directly between the participants (col 2, lines 17-40 and col 17, lines 33-36). In the first passage, Silverman discloses that there are known trading system which automatically execute the trade once a match is found without the two participants being able to negotiate (communicate) directly with each other. In the second passage, Silverman discloses that the matching computer has a communication enablement system for enabling communications between the counterparties in order to negotiate variable trading parameters, i.e. negotiations are being sent to the matching computer, not directly to the other participant." Furthermore, Silverman discloses

that the communication network transmits "negotiating messages between two or more of the remote terminals in response to control signals from the matching computer" (col 5, lines 26-29); that in a structured dialogue format, the traders may be prevented from negotiating such aspects of the transactions as the unit price; and that "the communications between the parties may be recorded...to enable the parties to verify the agreed upon transaction terms" (col 13, lines 5-14). These citations clearly show that the intermediary (matching computer) is an integral part of the negotiation process receiving and transmitting the messages from each of the parties and providing control signals to the communication network. If the messages were not being routed through the intermediary the communications could not be recorded as disclosed.

The Appellant also argues that Silverman does not disclose "intermediating electronic exchange of a plurality of commodities among a plurality of participants" (page 12). The Examiner notes that Silverman explicitly discloses "a plurality of remote terminals whereby a large number of users have simultaneous access to the negotiated matching system" (col 6, lines 20-22) and that "the system may accommodate a plurality of markets (e.g. foreign exchange, interest rate swaps, etc.)" (col 7, lines 7-8).

The Appellant finally argues that Silverman does not disclose anonymous transactions, but that each participant has knowledge of the identity of all other participants (page 13). The Examiner notes that Silverman explicitly discloses that "the identity of the parties to the transaction is not revealed until just before or at the time a deal has been struck" (col 4, lines 10-12). As far as the Appellant's conclusion that each party must have knowledge of all other participants in order to rate them, the Examiner notes that Silverman discloses that the ranking factors entered by a party could be very specific or general, such as the monetary value that parties are willing to lend or borrow, country of origin, size

of counterparty, or reputation (col 9, lines 25-58). Even given the instance where a party ranks individual counterparties, this is done prior to the matching process. Once the party enters a bid or offer, the system uses the ranking factors to arrive at a potential counterparty. Nowhere is it disclosed that the party must be informed of the identity of the selected counterparty prior to the negotiation step. In fact, as cited above, Silverman explicitly discloses that the identity is not disclosed until just before or at the time a deal has been struck.

(D) ***The Rejection of Claims 121, 125, 126, 136, 138, 130, and 144, and 131, 132, and 134 Under 35 U.S.C. 103 Is Improper***

The Appellant argues that Silverman does not render obvious any of claims 121, 125, 126, 136, or 138 based on the above arguments. The Examiner refers the Board to the responses above.

The Appellant also argues in reference to claims 130 and 144 that Ausubel only pertains to a system where "all of the users are on the same side of the transaction, i.e. all of the users are competing with each other to either buy from the auctioneer"..."or to sell to the auctioneer" (page 15) and "contains no suggestions at all that where the auctioneer acts as a broker"..."that the seller is one of the users on the user systems 20-40" (page 16). The Examiner notes that Ausubel explicitly discloses that his auction system "may be used in auctions where the auctioneer is a seller, buyer, or broker; the users are buyers, sellers, or brokers" (col 7, lines 24-26); and "may be used for items including, but not restricted to the following: public-sector bonds, bills, notes, stocks, and other securities or derivatives; private-sector bonds, bills, notes, stocks, and other securities or derivatives; communication licenses and spectrum rights; electric power and other commodity items; airport landing slots; emission allowances and pollution permits; and other objects, items, or property tangible or intangible" (col 7, lines 28-35).

As such, it is obvious that both buyers and sellers are utilizing the auction system to enter bids and offers, especially when the items being auctioned are public-sector bonds, stocks, etc. (i.e. utilized as a stock market exchange). The Examiner further notes that the Ausubel reference was cited to incorporate the feature of maximizing the total amount of commodities (items) exchanged in a negotiation system, and expressing the objectives using the standard language of the "portfolio theory", neither of which were addressed by Silverman. Since both references pertain to exchanging bids and offers in order to complete a transaction, it would have been obvious to one having ordinary skill in the art to maximize the exchange of these commodities in Silverman and to express such an objective using standard portfolio theory terminology as Ausubel also discloses.

The Appellant briefly argues in reference to claims 131, 132, and 134 that Thiessen is irrelevant to the claimed invention and Silverman because it pertains to an interactive computer-assisted negotiation process (page 16). The Examiner notes that this reference was cited as a result of the Appellant adding the feature of an "unfairness calculation" during prosecution. As the Appellant has pointed out, the reference pertains to computer-assisted negotiations, such as done by Silverman. However, Silverman discusses determining the "acceptability" of the match between the parties. Thiessen attempts to maximize the "satisfaction level" of the participants during the negotiations and discloses four different calculations in which this could be achieved. In order to increase the acceptability in Silverman, it would have been obvious to use one of Thiessen's satisfaction calculations. The Examiner considers increasing the satisfaction and acceptability of the negotiations as the equivalent of "minimizing the unfairness" as discussed in the rejection of these claims above.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

jwm
February 25, 2003

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